

[24th July, 2000]

RAJYA SABHA

(b) if so, the special schemes envisaged for development of these districts?

THE MINISTER OF STATE IN THE MINISTRY OF COMMERCE AND INDUSTRY (DR. RAMAN): (a) Ministry of Finance, Department of Revenue had vide Notification No. S.O.714(E), dated 7.10.97 declared 123 industrially backward districts in the country classified as category 'A' and category 'B' for grant of tax concessions under Income Tax Act, 1961. Srikakulam and Mahabubnagar districts of Andhra Pradesh have been declared as category 'B' industrially backward districts under the said notification.

(b) Under Section 80-IB of the Income Tax Act, an industrial undertaking which begins to manufacture or produce an article or things or to operate such plants in these districts, any time after 1.10.1994 but before 31.3.2002, is allowed a tax holiday of three years and thereafter a deduction of 25% (30% in case of a company) of the profits and gains for a period of another five years. Total period of availing the deduction is eight consecutive assessment years for all classes of assesses, except cooperative societies. In the latter case, the deductions are allowable upto twelve consecutive years.

The two districts are covered under Prime Minister's Rozgar Yojana (PMRY Scheme). Apart from this, a scheme under National Programme on Rural Industrialisation (NPRI) is also working in Srikakulam district.

Decline in inflow of Direct Investment

15. SHRI NARENDRA MOHAN: Will the Minister or COMMERCE AND INDUSTRY be pleased to state.

(a) whether it is a fact that direct investment in flows have slowed down over the last two years from about \$ 2.4 billion in 1998-99 to \$ 2.2 billion in 1999-2000;

(b) if so, what are the reasons therefor;

(c) whether it is due to lack of coherent FDI policy or needless restrictions on overseas equity investment of (Government's slow, graft-ridden process and similar administrative problems, and

(d) what action Government propose to take so that FDI increase in India?

THE MINISTER OF STATE IN THE MINISTRY OF COMMERCE AND INDUSTRY (DR. RAMAN): (a) and (b) No, Sir. The inflows of foreign

Direct Investment (FDI) during the year 1998-99 have been US\$ 3.54 billion and for the year 1999-2000. the same have been US\$ 3.66 billion. The details of year-wise inflow are incorporated in the Monthly SIA Newsletter brought out by Department of Industrial Policy and Promotion, which is widely circulated including the Library of the House.

(c) and (d) No, Sir. It has been the endeavour of the Government to attract more and more FDI and latest technology. The FDI policy is reviewed from time to time in order to make it more investor-friendly. In the recent past, the Government has permitted FDI/NRI/OCB investment upto 100% in all items/activities under automatic route except a specified negative list. Further, prior approval of RBI for FDI proposals under Automatic/FIPB route has been dispensed with. In a very recent decision, the Government has also done away with the upper limit of investment in Power Sector and the condition of Dividend Balancing.

Removal of a number of items from the list of industries reserved for SSI

16. SHRI CM. IBRAHIM: Will the Minister of COMMERCE AND INDUSTRY be pleased to state:

(a) whether Government have lately been considering removal of a number of items from the list of industries reserved for Small Scale Industries;

(b) whether there have been consistent pressures from various quarters including foreign trade and industry for scrapping of the list of industries reserved for Small Scale Sector; and

(c) what decisions have since been taken in this regard?

THE MINISTER OF STATE IN THE MINISTRY OF COMMERCE AND INDUSTRY (DR. RAMAN): (a) to (c) Reservation/de-reservation of item from the list of items reserved for manufacture in the Small Scale Sector is an ongoing process with the Government. There have been demands from various quarters including industry associations for de-reservation of items, reserved for manufacture in the Small Scale Sector. However, Government takes decisions on these matters having regard to factors like development/promotion of industries, export, employment potential, etc.